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RELEASED

**Audit Of The United States
Senate Restaurant For
The Period June 29, 1969,
To June 27, 1970** B-114871

Architect of the Capitol

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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~~915259~~

NOV. 25, 1970



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114871

Dear Mr. Campioli:

This is our report on an audit of the financial operations of the United States Senate Restaurants for the period June 29, 1969, to June 27, 1970. The audit was made pursuant to section 5 of the act of July 6, 1961 (40 U.S.C. 174j-5).

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

The Honorable Mario E. Campioli
Acting Architect of the Capitol

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D I G E S T

WHY THE AUDIT WAS MADE

The General Accounting Office (GAO) is required by law to make an annual audit of the United States Senate Restaurants.

FINDINGS AND CONCLUSIONS

The operation of the Senate Restaurants resulted in a net loss for fiscal year 1970 of \$556,884, which included equipment expenditures of \$463, compared with a net loss for fiscal year 1969 of \$434,993, which included equipment expenditures of \$167. The increase in the loss of \$121,891 was caused primarily by increased labor costs--from \$952,429 in fiscal year 1969 to \$1,130,605 in fiscal year 1970.

In GAO's opinion, the financial statements (schedules 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practices and financial arrangements described on page 4 of this report, present fairly the financial position of the United States Senate Restaurants at June 27, 1970, the results of its operations, and the sources and application of its funds for the year then ended.

INTRODUCTION

The General Accounting Office has made an audit of the UNITED STATES SENATE RESTAURANTS for the period June 29, 1969, to June 27, 1970. Our audit was made in accordance with generally accepted auditing standards, and included an examination of the financial statements for the year ended June 27, 1970, and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Senate Restaurants are operated primarily for Senators and employees of the United States Senate. The Architect of the Capitol is responsible for the management of the restaurants subject to the direction of the Committee on Rules and Administration, as provided by the act of July 6, 1961 (40 U.S.C. 174j-1).

Facilities of the restaurants consist of several dining rooms and a snack bar in the Senate wing of the Capitol; a coffee shop in the Old Senate Office Building; and a cafeteria for use by Senators and employees, a cafeteria for visitors, a carryout shop, and a Senators' private dining room in the New Senate Office Building. The dining rooms in the Capitol are required to remain open when the Senate is in night session.

Funds for the operation of the restaurants are provided by receipts from sales and by an annual appropriation to cover losses and equipment purchases. The funds are deposited into an account established with the Treasurer of the United States pursuant to the act of July 6, 1961. Funds appropriated to the Architect of the Capitol for construction or maintenance are also available to the restaurants for the purchase of equipment. Equipment purchases, however, are not recorded as assets of the restaurants.

OPERATIONS

The operation of the Senate Restaurants resulted in a net loss for fiscal year 1970 of \$556,884, which included equipment expenditures of \$463, compared with a net loss for fiscal year 1969 of \$434,993, which included equipment

expenditures of \$167. The increase in the loss of \$121,891 was caused primarily by increased labor costs--from \$952,429 in fiscal year 1969 to \$1,130,605 in fiscal year 1970.

A comparison of fiscal years 1970 and 1969 sales and operating results, for food and beverages and for cigar-stand merchandise, follows for each of the operational units of the Senate Restaurants.

	1970		1969	
	Sales	Operating profit or loss(—)	Sales	Operating profit or loss(—)
Food and beverages:				
Capitol dining rooms	\$ 273,482	-\$326,899	\$ 206,891	-\$262,812
Snack bar	43,686	-6,995	26,650	-8,474
Coffee shop	160,057	-43,861	175,302	-27,594
Cafeteria	535,478	-216,288	469,686	-166,519
Senators' dining room	24,000	-29,212	16,033	-24,483
Carryout service	125,579	21,288	109,958	17,253
Total	\$1,162,282	-\$601,967	\$1,004,520	-\$472,629
Number of persons served	<u>1,487,766</u>		<u>1,432,362</u>	
Cigar-stand merchandise:				
Capitol dining rooms	\$ 37,177	\$ 8,202	\$ 28,212	\$ 5,023
Snack bar	8,555	2,204	5,761	1,043
Coffee shop	41,406	9,405	44,232	9,893
Cafeteria	16,278	4,549	20,838	4,760
Carryout service	56,081	13,542	48,767	11,097
Total	\$ 159,497	\$ 37,902	\$ 147,810	\$ 31,816

A comparative statement of assets and liabilities of the Senate Restaurants on June 27, 1970, and June 28, 1969, is presented as schedule 1. A comparative statement of operations for fiscal years 1967, 1968, 1969, and 1970 is presented as schedule 2. A statement of sources and application of funds for fiscal year 1970 is presented as schedule 3. A comparison of sales and operating results for each of the units for fiscal year 1970 is presented as an exhibit.

OPINION OF FINANCIAL STATEMENTS

The accompanying financial statements of the United States Senate Restaurants (schedules 1, 2, and 3) were prepared by us based on accounting records maintained by the Architect of the Capitol. Transactions are recorded in the records on an accrual basis except that equipment and furnishings acquired with restaurant funds are charged off as expenses of the period in which acquired rather than being capitalized and charged off as an expense over the period of useful life. Also, the statements do not include the cost of equipment and furnishings acquired with funds appropriated to the Architect of the Capitol or of certain benefits and services furnished to the restaurants without charge, such as space, ordinary building repairs and maintenance, utilities, garbage disposal, menus and forms printed by the Government Printing Office, and personal services of the staff of the Architect of the Capitol.

In our opinion, the financial statements (schedules 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practices and financial arrangements described above, present fairly the financial position of the United States Senate Restaurants at June 27, 1970, the results of its operations, and the sources and application of its funds for the year then ended.

FINANCIAL STATEMENTS

SCHEDULE 1

UNITED STATES SENATE RESTAURANTS

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 27, 1970, AND JUNE 28, 1969

ASSETS	<u>June 27, 1970</u>	<u>June 28, 1969</u>
CASH:		
Funds with U.S. Treasury	\$103,895	\$ 45,806
Undeposited receipts	6,554	13,205
Petty cash and change funds	<u>8,500</u>	<u>8,500</u>
	\$118,949	\$ 67,511
ACCOUNTS RECEIVABLE	31,381	123,850 ^a
INVENTORY OF FOOD, BEVERAGES, MERCHANDISE AND SUPPLIES, AT COST	34,534	34,792
INVENTORY OF CHINA, GLASSWARE, AND SILVERWARE	<u>30,076</u>	<u>27,172</u>
Total assets	<u>\$214,940</u>	<u>\$253,325</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Amounts due vendors	\$ 67,158	\$ 65,909
Net payroll and benefits	39,275	34,715
Federal and D.C. withholding taxes	6,777	7,739
Employees' accrued leave	70,032	60,384
Unclaimed wages	<u>764</u>	<u>560</u>
Total liabilities	<u>\$184,006</u>	<u>\$169,307</u>
EQUITY OF THE UNITED STATES SENATE:		
Contributed capital	51,200	51,200
Capitalization of inventory of china, glassware, and silverware, July 1, 1967	36,361	36,361
Operating funds:		
Balance at beginning of year	-3,543	-67,050
Current year appropriations	<u>503,800^b</u>	<u>498,500^c</u>
	500,257	431,450
Less: Net loss for fiscal year	<u>556,884</u>	<u>434,993</u>
	-56,627	-3,543
Total equity	<u>30,934</u>	<u>84,018</u>
Total liabilities and equity	<u>\$214,940</u>	<u>\$253,325</u>

^aIncludes \$100,500 supplemental appropriation.

^bRegular appropriation (Public Law 91-145), \$497,000; supplemental appropriation (Public Law 91-257), \$6,800.

^cRegular appropriation (Public Law 90-417), \$398,000; supplemental appropriation (Public Law 91-47), \$100,500.

UNITED STATES SENATE RESTAURANTS

COMPARATIVE STATEMENT OF OPERATIONS

FOR THE FISCAL YEARS ENDED JUNE 27, 1970, JUNE 28, 1969,

JUNE 29, 1968, AND JULY 1, 1967

	Fiscal year ended June 27, 1970	
	<u>Amount</u>	<u>Percent of sales</u>
SALES OF FOOD AND BEVERAGES:		
Regular services	\$1,022,355	88.0
Catering	<u>139,927</u>	<u>12.0</u>
Total	1,162,282	100.0
Cost of food and beverages sold	<u>485,804</u>	<u>41.8</u>
GROSS PROFIT	<u>676,478</u>	<u>58.2</u>
OPERATING EXPENSES:		
Salaries and wages:		
Straight time	897,560	77.2
Overtime	60,585	5.2
Leave expense	74,630	6.4
Employee meals	31,233	2.7
Employee benefits	66,597	5.7
Laundry	53,878	4.6
Paper supplies	33,863	2.9
Cleaning supplies	19,526	1.7
Miscellaneous	11,412	1.0
Replacements of china, glassware, silverware, and kitchen utensils	<u>29,161</u>	<u>2.5</u>
TOTAL OPERATING EXPENSES	<u>1,278,445</u>	<u>109.9</u>
LOSS ON FOOD AND BEVERAGES OPERATIONS	<u>601,967</u>	<u>51.7</u>
CIGAR-STAND MERCHANDISE:		
Sales	159,497	100.0
Cost of sales	<u>121,595</u>	<u>76.2</u>
PROFIT ON CIGAR-STAND OPERATIONS	<u>37,902</u>	<u>23.8</u>
VENDING MACHINE COMMISSIONS	<u>7,644</u>	
NET OPERATING LOSS	556,421	
EQUIPMENT EXPENDITURES	<u>463</u>	
NET LOSS FOR THE PERIOD	<u>\$ 556,884</u>	

Fiscal year ended June 28, 1969		Fiscal year ended June 29, 1968		Fiscal year ended July 1, 1967	
<u>Amount</u>	<u>Percent of sales</u>	<u>Amount</u>	<u>Percent of sales</u>	<u>Amount</u>	<u>Percent of sales</u>
\$ 876,531	87.3	\$ 890,289	88.3	\$820,312	88.2
<u>127,989</u>	<u>12.7</u>	<u>118,236</u>	<u>11.7</u>	<u>109,145</u>	<u>11.8</u>
1,004,520	100.0	1,008,525	100.0	929,457	100.0
<u>404,947</u>	<u>40.3</u>	<u>400,412</u>	<u>39.7</u>	<u>376,604</u>	<u>40.5</u>
<u>599,573</u>	<u>59.7</u>	<u>608,113</u>	<u>60.3</u>	<u>552,853</u>	<u>59.5</u>
773,044	77.0	747,268	74.0	652,078	70.2
28,192	2.8	53,020	5.3	54,791	5.9
65,857	6.6	58,163	5.8	59,509	6.4
28,533	2.8	32,176	3.2	29,842	3.2
56,803	5.7	51,077	5.1	42,798	4.6
43,682	4.3	43,917	4.3	38,656	4.2
28,518	2.8	30,094	3.0	28,251	3.0
17,083	1.7	15,698	1.5	13,535	1.4
7,369	0.7	8,070	0.8	6,070	0.7
<u>23,121</u>	<u>2.3</u>	<u>28,096</u>	<u>2.8</u>	<u>16,301</u>	<u>1.7</u>
<u>1,072,202</u>	<u>106.7</u>	<u>1,067,579</u>	<u>105.8</u>	<u>941,831</u>	<u>101.3</u>
<u>472,629</u>	<u>47.0</u>	<u>459,466</u>	<u>45.5</u>	<u>388,978</u>	<u>41.8</u>
147,810	100.0	155,263	100.0	128,038	100.0
<u>115,993</u>	<u>78.5</u>	<u>119,582</u>	<u>77.0</u>	<u>97,734</u>	<u>76.3</u>
<u>31,817</u>	<u>21.5</u>	<u>35,681</u>	<u>23.0</u>	<u>30,304</u>	<u>23.7</u>
<u>5,986</u>		<u>5,785</u>		<u>6,111</u>	
434,826		418,000		352,563	
<u>167</u>		<u>323</u>		<u>4,010</u>	
<u>\$ 434,993</u>		<u>\$ 418,323</u>		<u>\$356,573</u>	

SCHEDULE 3

UNITED STATES SENATE RESTAURANTS

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

FOR THE FISCAL YEAR ENDED JUNE 27, 1970

FUNDS PROVIDED BY:

Sales	\$1,329,423
Appropriations	503,800
Decrease in working capital	<u>53,084</u>

Total funds provided \$1,886,307

FUNDS APPLIED TO:

Cost of merchandise sold	\$ 607,399
Salaries and wages	958,145
Other operating expenses	320,300
Equipment expenditures	<u>463</u>

Total funds applied \$1,886,307

EXHIBIT

U. S. SENATE RESTAURANT

FISCAL YEAR 1970

ACCOUNTING PERIOD

Year To Date
June 29, 1969 Thru June 27, 1970

STATEMENT OF OPERATIONS

	COMBINED OPERATIONS		CAPITOL DR		SNACK BAR		COFFEE SHOP		CAFETERIA		SENATOR'S DR		CARRY OUI	
	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES
FOOD														
SALES														
Food	1,022,355	88.0	220,260	80.5	43,686		160,057		448,772	83.8	24,000		125,579	
Catering	139,927	12.0	53,222	19.5					86,705	16.2				
TOTAL	1,162,282	100.0	273,482	100.0	43,686		160,057		535,477	100.0	24,000		125,579	100.0
COST OF FOOD SOLD														
485,804	41.8	122,376	44.7	18,226	41.7	69,931	43.7	221,136	41.3	10,506	43.8	43,628	34.7	
676,478	58.2	151,106	55.3	25,460	58.3	90,126	56.3	314,342	58.7	13,493	56.2	81,950	65.3	
OPERATING EXPENSES														
897,560	77.2	334,090	122.0	23,472	53.7	96,023	60.0	370,001	69.0	33,613	140.0	40,361	32.1	
60,585	5.2	34,466	12.7	471	1.1	4,378	2.7	18,692	3.5	620	2.6	1,958	1.6	
74,630	6.4	27,482	10.0	1,955	4.5	8,068	5.0	30,941	5.8	2,784	11.6	3,400	2.7	
31,233	2.7	9,518	3.5	675	1.5	2,885	1.8	15,925	3.0	1,081	4.5	1,149	0.9	
66,597	5.7	24,527	9.0	1,740	4.0	7,205	4.5	27,608	5.1	2,487	10.4	3,030	2.4	
1,130,605	97.2	430,084	157.2	28,312	64.8	118,559	74.0	463,167	86.4	40,584	169.1	49,898	39.7	
53,677	4.6	17,238	6.3	558	1.3	3,256	2.0	30,979	5.8	857	3.6	988	0.8	
33,863	2.9	6,076	2.2	3,223	7.4	6,408	4.0	9,097	1.7	-0-	-0-	9,059	7.3	
19,526	1.7	7,741	2.9	103	0.2	1,436	0.9	10,083	1.9	-0-	-0-	162	0.1	
11,412	1.0	5,167	1.9	258	0.6	1,019	0.7	4,043	0.8	369	1.5	555	0.4	
29,161	2.5	11,698	4.3	-0-	-0-	3,207	2.1	13,260	2.5	895	3.7	-0-	-0-	
1,278,444	109.9	478,005	174.8	32,455	74.3	133,987	83.7	530,630	99.1	42,705	177.9	60,662	48.3	
(601,967)	(51.7)	(326,899)	(119.5)	(6,995)	(16.0)	(43,861)	(27.4)	(216,288)	(40.4)	(29,212)	(121.7)	21,288	17.0	
CIGAR STANDS														
SALES	159,497	100.0	37,177	100.0	8,554	100.0	41,406	100.0	16,278	100.0	-0-	56,081	100.0	
COST OF SALES	121,595	76.2	28,976	77.9	6,351	74.2	32,001	77.3	11,728	72.1	-0-	42,539	75.9	
PROFIT OR (LOSS) ON CIGAR STAND OPERATIONS	37,901	23.8	8,201	22.1	2,204	25.8	9,405	22.7	4,549	27.9	-0-	13,542	24.1	
VENDING MACHINES COMMISSIONS	7,644		764		-0-		3,822		3,058		-0-	-0-		
NET PROFIT OR (LOSS) ON OPERATIONS	(556,421)		(317,933)		(4,791)		(30,634)		(208,681)		(29,212)		34,830	
EQUIPMENT EXPENDITURES	463													
NET INCOME OR (DEFICIT)	(556,884)													

NOTE: CENTS HAVE BEEN OMITTED; THEREFORE, COLUMNS WILL NOT FOOT.